

DEBTS OWED TO CAL FIRE

1164

(No.167 February 2014)

DEFINITION

1164.1

(No.167 February 2014)

Debts owed to CAL FIRE may come in the form of an Accounts Receivable (A/R), an overpayment via the Department's Revolving Fund (R/F), or from a private party.

An A/R is defined as a situation where an employee has received funds to which he/she is not entitled, and it represents monetary amounts that are owed back to the Department. These funds and related liabilities can be created in a number of ways associated with private parties, other departments, entities, and current and former state employees who work for CAL FIRE (i.e., an overtime check for more time than the employee actually worked, etc.).

An overpayment is defined as money owed to the Department's R/F (i.e., salary advance repayment, travel advances, meal deductions, etc.). This type of debt is not considered an A/R and does not involve the State Controller's Office (SCO).

REFERENCES

1164.2

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Government Code (GC) Sections 13943.2, 16580-16586, and 19838
State Administrative Manual (SAM) Sections 8580.3, 8580.4, 8710.1, 8776, 8790, and 10536
SCO Payroll Procedures Manual Section I 001.
CAL FIRE Handbook Sections 3624, 3630, 3728, 3742, and 3762
Appropriate Bargaining Unit Memorandum of Understanding (MOU)
SCO Payroll Letter 12-005
CAL FIRE Personnel Services Memorandum 2013-006

POLICY

1164.3

(No.167 February 2014)

It is the policy of CAL FIRE to:

1. Collect debts owed to the Department, in full, as quickly as possible.
2. If an employee requests a repayment plan, the debt will be established as payroll deduction in accordance with the applicable MOU and GC.

A/R

1164.4

(No.167 February 2014)

ESTABLISHING AN A/R (No.167 February 2014)

1164.4.1

There are two ways an A/R is established.

1. SCO Established A/R:

SCO automatically establishes an A/R based on data entered into the SCO system. A Notice of Pending Account Receivable (PR 250-M) is received from SCO informing the Department of the A/R. These are established as agency collection.

The Personnel Specialist (PS) shall check SCO View Direct daily to look for issuance of A/R's and confirm accuracy. Within five business days of issuance, the PS shall notify the Departmental Accounting Office (DAO) A/R Unit at CALFIREmxbdaoAR@fire.ca.gov to confirm the accuracy and type of A/R. If it is a disability A/R, the Region/Unit PS shall email the DAO A/R Unit immediately at CALFIREmxbdaoAR@fire.ca.gov.

2. Department Established A/R:

The Region/Unit PS identifies an overpayment and sends an original unsigned/undated Payroll Adjustment Notice – Accounts Receivable (STD. 674A/R) to the DAO A/R Unit for processing.

For disability A/R's, the Region/Unit PS will submit a STD. 674A/R to the SCO and forward a redacted courtesy copy of the completed STD. 674A/R to the DAO A/R Unit via email.

For Headquarters' employees, the Personnel Transactions Unit (PTU) will submit the STD. 674A/R to the SCO and forward a redacted courtesy copy of the completed STD. 674A/R to the DAO A/R Unit via email.

EMPLOYEE NOTIFICATION (No.167 February 2014)

1164.4.2

Notification to the affected employee regarding the A/R is required. While such agreements in various forms provide documentation of the debt origination and cause, after 30 days of the date of the A/R, the employee needs to be notified of the amount due via formal invoicing. The employee will have 30 days from the date of the notice to respond in writing. The notification will include the amount due, pay period affected if the A/R relates to salary, reason for overpayment, and the response time afforded the employee prior to collection action. All responses will be documented and maintained in Unit files as well as DAO A/R Unit files.

The DAO A/R Unit will complete and submit a Notice of Account Receivable (PO-123) and mail it to the employee's home address (excluding A/R's for Headquarters' employees or disability A/R's). The DAO A/R Unit will send a copy of the PO-123 to the Region/Unit PS via email. When an employee has fully satisfied his balance due to the

Department on an outstanding A/R, the DAO A/R Unit will issue a statement to the employee that the balance due has been paid in full. The DAO A/R Unit will send a courtesy copy of this notice to the Region/Unit PS via email.

The Region/Unit PS will complete a PO-123 for disability A/R's and mail it to the employee's home address. The Region/Unit PS will send a copy of the PO-123 to the DAO A/R Unit via email. When an employee has fully satisfied his/her balance due to the Department on an outstanding disability A/R, the Region/Unit PS will issue a statement to the employee that the balance due has been paid in full. The Region/Unit PS will send a courtesy copy of this notice to the DAO A/R Unit via email.

The PTU will complete a PO-123 for staff assigned to Sacramento Headquarters and mail it to the employee's home address. The PTU will send a copy of the PO-123 to the DAO A/R Unit. When an employee has fully satisfied his balance due to the Department on an outstanding A/R, the PTU will issue a statement to the employee that the balance due has been paid in full. The PTU will send a courtesy copy of this notice to the DAO A/R Unit.

COLLECTION OF AN A/R

1164.4.3

(No.167 February 2014)

Once an employee responds to the PO-123, or the time limit for response has passed, the DAO A/R Unit, Region/Unit PS, or PTU will proceed with the collection process. The collection/repayment schedule will be in accordance with the provisions of the employee's MOU. GC or SAM shall be used when not addressed by the employee's MOU, or if the employee is non-represented and/or Excluded. When overpayments have continued for more than one year, CAL FIRE may require full payment in one year where consistent with existing MOU's.

In no case, should the repayment amount exceed 25% of the employee's monthly net income for single or combined A/R, with the exception of the collection of mandatory deductions. Mandatory deductions include taxes and garnishment/levy.

Once a repayment plan has been agreed upon, it will be put in writing by the unit that initiates the original notification (see Section 1164.5) and the unit will get it signed by the employee. The signature block will include a statement similar to the following:

"I agree to the repayment schedule described above and acknowledge the gross amount set forth as a legitimate debt owed by me to the State."

METHOD OF PAYMENT FOR COLLECTING AN A/R

(No.167 February 2014)

1164.4.3.1

Established Non-Disability A/R

Department Collection – Active Employee

The A/R is not deducted from the payroll warrant and may be paid using cash, personal check, cashier's check, or money order. This method of collection can only be used if paying the A/R in full either by the employee submitting payment or by the Department cutting the overpayment from a monthly payroll warrant. If the employee is enrolled in the Direct Deposit program, enrollment shall be cancelled if payment is to be taken from the payroll warrant and not through payroll deduction.

If the department has not yet established the A/R, the DAO A/R Unit will instruct the employee to wait for further contact for information on the net amount owed. The DAO A/R Unit will complete and send the STD. 674 A/R to the SCO. Once the SCO has established the A/R, the DAO A/R Unit will send a PO-123 to the employee with the exact amount owed. The DAO A/R Unit will send a redacted courtesy copy of the STD. 674A/R and PO-123 to the Region/Unit PS via email.

The employee will have 30 days to submit payment to the DAO Cashier's Office at P.O. Box 997446, Sacramento, CA 95899-7446. The DAO A/R Unit will send a courtesy notice of the Report of Collections (RC) to the appropriate Region Administrative Officer II - Personnel.

If the employee sends the payment(s) to the Region/Unit, the Region/Unit Finance will work with the Region/Unit PS to apply the payment(s) to the appropriate A/R. At the time of deposit, the Region/Unit Finance will email a copy of the RC to the DAO A/R Unit at CALFIREmxbdaoAR@fire.ca.gov .

Payroll Deduction

The A/R is automatically deducted from the employee's gross salary by the SCO before federal and state taxes are computed. Payroll deductions are to cover the same number of pay periods in which the error occurred or in accordance with the provisions of the employee's MOU. The A/R will be recouped starting with the next applicable pay warrant.

The DAO A/R Unit will complete and send a STD. 674A/R to the SCO to setup payroll deductions and send a redacted courtesy copy to the Region/Unit PS via email. The deduction will be the maximum allowable. If the employee requests a lower amount to be deducted, the employee needs to provide justification to the DAO A/R Unit. The DAO A/R Unit will consult with the Chief, Personnel Services or designee for written approval. After a decision has been made, the DAO A/R Unit will send a second PO-123 to the employee to inform the employee of the exact amount of the payment. The DAO A/R Unit will send a courtesy copy of the second PO-123 to the Region/Unit PS via email. The Region/Unit PS will track the deductions from the employee's master pay.

Use of Leave Credits to Satisfy A/R s

Employees must be eligible for this method of collection pursuant to their applicable MOU and the provisions of SCO Payroll Letter 12-05. Leave credits needed for the A/R are calculated based upon the employee's monthly salary rate as of the date the A/R is established. Partial payments using this method are not permitted. If an employee uses leave credits to offset an A/R and later the appointing power subsequently reverses the A/R, the employee will be given an option to either:

1. Keep the leave credit cash-out payment; or
2. Return the payment and have the leave credits restored to the employee's leave balances.

A/R's established for payment of Industrial Disability Leave (IDL) (payment types 6 and N) cannot be satisfied using this process because of the taxation process.

The DAO A/R Unit will work with the Region/Unit PS to determine if the employee has sufficient leave credits to satisfy the A/R. If the employee does not have sufficient leave credits, the Region/Unit PS will inform the DAO A/R Unit, and the DAO A/R Unit will send a new PO-123 to the employee. If the employee has sufficient leave credits, the Region/Unit PS will complete and send a STD. 674A/R to SCO. The Region/Unit PS will send a redacted courtesy copy of the signed STD. 674A/R to the DAO A/R Unit via email.

Employee Does Not Respond

If an employee does not respond, the DAO A/R Unit completes and sends the STD. 674A/R to the SCO to initiate payroll deduction based on the applicable MOU, GC or SAM. The DAO A/R Unit will send a second PO-123 to the employee to inform the employee of the exact amount of the payment. The DAO A/R Unit will send a redacted courtesy copy of the signed STD. 674A/R and the PO-123 to the Region/Unit PS via email. The deduction will be the maximum allowable. The Region/Unit PS will track the deductions taken from the employee's master pay.

Disability A/R

Department Collection – Active Employee

The A/R is not deducted from the payroll warrant and may be paid using cash, personal check, cashier's check, or money order. This method of collection can only be used if paying the A/R in full either by the employee submitting payment or by the Department cutting the overpayment from a monthly payroll warrant. If the employee is enrolled in the Direct Deposit program, enrollment shall be cancelled.

The employee will have 30 days to submit payment to the DAO Cashier's Office at P.O. Box 997446, Sacramento, CA 95899-7446. The DAO A/R Unit will send a courtesy notice of the RC to the appropriate Region Administrative Officer II – Personnel.

If the employee sends the payment(s) to the Region/Unit, the Region/Unit Finance will work with the Region/Unit PS to apply the payment(s) to the appropriate A/R. At the

time of deposit, the Region/Unit Finance will email a copy of the RC to the DAO A/R Unit at CALFIREmxbdaoAR@fire.ca.gov.

Payroll Deduction

The A/R is automatically deducted from the employee's gross salary by the SCO before federal and state taxes are computed. Payroll deductions are to cover the same number of pay periods in which the error occurred or in accordance with the provisions of the employee's MOU. The A/R will be recouped starting with the next applicable pay warrant.

The Region/Unit PS will complete and send a STD. 674A/R to the SCO to setup payroll deductions. The Region/Unit PS will send a redacted courtesy copy of the STD. 674A/R to the DAO A/R Unit via email. The deduction will be the maximum allowable. If the employee requests a lower amount, the employee needs to provide justification to the Region/Unit PS. The Region/Unit PS will consult with the Chief, Personnel Services or designee for written approval. After a decision has been made, the Region/Unit PS will send a second PO-123 to the employee informing the employee of the amount of the payment. The Region/Unit PS will send a courtesy copy of the PO-123 to the DAO A/R Unit via email. The Region/Unit PS will track the deductions from the employee's master pay.

Use of Leave Credits to Satisfy A/R s

A/R's established for payment of Industrial Disability Leave (IDL) (payment types 6 and N) cannot be satisfied using this process because of the taxation process.

Employee Does Not Respond

If an employee does not respond, the Region/Unit PS completes and sends the STD. 674A/R to the SCO to initiate payroll deduction based on the applicable MOU, GC or SAM. The Region/Unit PS will send a redacted courtesy copy of the signed STD. 674A/R to the DAO A/R Unit via email. The Region/Unit PS will send a second PO-123 to the employee informing the employee of the exact amount of the payment. The Region/Unit PS will send a courtesy copy of the PO-123 to the DAO A/R Unit via email. The deduction will be the maximum allowable. The Region/Unit PS will track the deductions taken from the employee's master pay.

OVERPAYMENT

1164.5

(No.167 February 2014)

DEFINITION

1164.5.1

(No.167 February 2014)

An overpayment is defined as money owed to the Department's R/F. An overpayment occurs when an employee owes money for a salary advance, travel advance, meal cost, etc. This is not considered an A/R and does not involve the SCO.

Due to CAL FIRE's use of the CALATERs system, all travel advances must be submitted through the system. As a result, balances due are then automatically collected from any future travel claims submitted by the employee during his tenure. To the extent a balance is not collected within 60 days by the CALATERs system, the DAO R/F-Travel Unit has the discretion to then seek collection through normal employee collection means discussed below.

NOTIFICATION

1164.5.2

(No.167 February 2014)

The DAO R/F-Travel Unit will email each Region/Unit PS and Finance staff a listing of employees that have R/F advances that have not been cleared within 60 days of issuance. The Region/Unit staff will respond via email to the DAO R/F-Travel Unit within two weeks to inform the DAO R/F-Travel Unit about any collections that have been made and the status on clearing the uncollected advances. Region/Unit staff will also notify the DAO R/F-Travel Unit of any employees who have separated. If the advance has been collected, the Region/Unit staff must provide the DAO R/F-Travel Unit with the RC number via email.

The DAO R/F-Travel Unit will email each Region/Unit PS and Finance staff a listing of employees that have R/F uniform advances that have not been cleared within one year of issuance. The Region/Unit staff will respond via email to the DAO R/F-Travel Unit within two weeks to inform the DAO R/F-Travel Unit about any collections that have been made and the status on clearing the uncollected uniform advances. Region/Unit staff will also notify DAO R/F-Travel Unit of any employees who have separated. If the advance has been collected, the Region/Unit staff must provide the DAO R/F-Travel Unit with the RC number via email.

If an outstanding advance balance exists for a current employee, the DAO R/F-Travel Unit will mail the employee a Notice of Overpayment/Collection (Revolving Fund) (AO-450) to the employee's home address. The employee will be given 30 days to respond to the AO-450. The notification will include the amount due, applicable pay period, reason for overpayment, and the response time afforded the employee prior to collection action. All responses will be documented and maintained in DAO R/F-Travel Unit files. The DAO R/F-Travel Unit will send a courtesy copy of this notice to the Region/Unit PS and Finance via email.

COLLECTION OF AN OVERPAYMENT

1164.5.3

(No.167 February 2014)

Once an employee responds to the AO-450, or the time limit for response has passed, the DAO R/F-Travel Unit will proceed with the collection process. The collection/repayment schedule will be in accordance with the provisions of the employee's MOU. GC or SAM shall be used when not addressed by the employee's MOU, or if the employee is non-represented and/or Excluded. When overpayments have continued for more than one year, CAL FIRE may require full payment in one year where consistent with existing MOU's.

The Department has the authority to withhold an employee's pay warrant and issue a revolving fund check for the difference between the employee's net pay and the amount owed if the overpayment was made in the same pay period.

In no case, should the repayment amount exceed 25% of the employee's monthly net income for single or combined R/F, with the exception of the collection of mandatory deductions. Mandatory deductions include taxes and garnishment/levy.

If a repayment plan is agreed upon, it will be put in writing by the DAO R/F-Travel Unit and the DAO R/F-Travel Unit will get it signed by the employee within 30 days. The signature block will include a statement similar to the following:

"I agree to the repayment schedule described above and acknowledge the gross amount set forth as a legitimate debt owed by me to the State."

METHOD OF PAYMENT FOR COLLECTING AN OVERPAYMENT

1164.5.3.1

(No.167 February 2014)

Department Collection – Active Employee

The overpayment is not deducted from the master payroll warrant and may be paid using cash, personal check, cashier's check, or money order. This method of collection can only be used if paying the overpayment in full either by the employee submitting payment or by the Department cutting the overpayment from a monthly payroll warrant. If the employee is enrolled in the Direct Deposit program, enrollment may be cancelled.

The employee will have 30 days to submit payment to the DAO Cashier's Office at P.O. Box 997446, Sacramento, CA 95899-7446. The DAO R/F-Travel Unit will send a courtesy notice of the RC to the appropriate Region Administrative Officer II – Personnel via email.

If the employee sends the payment(s) to the Region/Unit, the Region/Unit Finance will work with the Region/Unit PS to apply the payment(s) to the appropriate R/F. At the time of deposit, the Region/Unit Finance will email a copy of the Report of Collections (RC) to the DAO A/R unit at CALFIREmxbdaoAR@fire.ca.gov.

Payment Plan

The overpayment is automatically deducted from the employee's net salary by the Region/Unit PS. This requires the cancellation of direct deposit. Deductions are to cover the same number of pay periods in which the error occurred or in accordance with the provisions of the employee's MOU. The overpayment will be recouped starting with the next applicable pay warrant.

The DAO R/F-Travel Unit will complete and send a Salary Hold spreadsheet to the appropriate Region Administrative Officer II – Personnel and Finance, with a courtesy copy to the appropriate Administrative Officer III. The DAO R/F-Travel Unit will send a

list of employee names to the PTU for cancellation of direct deposit. Once the employee's direct deposit is cancelled, the DAO R/F-Travel Unit will send the employee a Notice of Cancellation of Direct Deposit (Revolving Fund) (AO-451) and the DAO R/F-Travel Unit will send a courtesy copy to the Region/Unit PS via email.

The Region/Unit PS will issue the employee an R/F check for the net master payroll amount minus the deduction amount listed on the Salary Hold list. The deduction will be the maximum allowable and will continue until the advance has been paid in full. If the employee requests a lower amount, the employee needs to provide justification to the DAO R/F-Travel Unit. The DAO R/F-Travel Unit will consult with the Chief, Personnel Services or designee for written approval. After a decision has been made, a second AO-450 will be sent to the employee to inform the employee of the exact amount of the payment. The DAO R/F-Travel Unit will send a courtesy copy of the AO-450 to the Region/Unit PS via email.

The Region/Unit PS will complete the Salary Hold spreadsheet and email it to the DAO A/R Unit at <mailto:CALFIREmxbdaoAR@fire.ca.gov>. The subject line of the email must indicate R/F. The DAO R/F-Travel Unit will email a completed spreadsheet back to the Region Administrative Officer II – Personnel and Finance, with a courtesy copy to the appropriate Administrative Officer III.

Employee Does Not Respond

If an employee does not respond, the DAO R/F-Travel Unit will initiate the Payment Plan procedures.

OUTSTANDING DEBT WHEN EMPLOYEE SEPARATES

1164.6

(No.167 February 2014)

When a CAL FIRE employee is separating, it may not be possible to provide exact written notification regarding an outstanding debt amount. However, CAL FIRE is authorized to withhold amounts owed for outstanding debts, excluding lost or damaged gear, from an employee's final separation pay when possible.

If the employee has lost or damaged gear the unit will need to contact the DAO A/R Unit and the DAO A/R Unit will invoice the employee.

When an employee separates and no money is due to the employee from the State that can be used as a basis from which to deduct an A/R, the following steps will be taken:

1. The Region/Unit PS will email DAO A/R Unit with the name of the separated employee.
2. If an employee owes a total of \$10.00 or less for all A/R's combined, the DAO A/R Unit will complete a CDF Discharge of Accountability (AO-139).
3. If the combined A/R's are more than \$10.00 and the employee is not assigned to Sacramento Headquarters, The DAO A/R Unit will send three (3) notices to the separated employee at the home address on file at 30-60-90 day intervals. The employee makes arrangements with the DAO A/R Unit to pay the A/R (refer CAL

FIRE Accounting Handbook, Section 3728). The DAO A/R Unit will send redacted copies of all correspondence sent to Region/Unit PS via email.

If a STD. 674A/R was already submitted for payroll deduction, the DAO A/R Unit must submit a new STD. 674A/R to change the A/R from payroll deduction back to agency collection. The DAO A/R Unit will send a redacted courtesy copy to Region/Unit PS via email.

4. If the combined A/R's are more than \$10.00 and the employee is assigned to Sacramento Headquarters', the PTU will proceed with the three (3) letter process. The PTU will send a courtesy copy of each letter to the DAO A/R Unit via email.

If a STD. 674A/R was already submitted for payroll deduction, the PTU must submit a new STD. 674A/R to change the A/R from payroll deduction back to agency collection. The PTU will send a redacted courtesy copy to DAO A/R Unit via email.

5. If the separated employee does not respond, the DAO A/R Unit will send the required information to the Franchise Tax Board (FTB) on a quarterly basis. The DAO A/R Unit will send redacted copies of all correspondence sent to Region/Unit PS via email.

If collection occurs through the FTB, the DAO A/R Unit will send a courtesy copy of the RC to the appropriate Region Administrative Officer II – Personnel via email.

If a STD. 674A/R was already submitted for payroll deduction, the DAO A/R Unit must submit a new STD. 674A/R to change the A/R from payroll deduction back to agency collection at the time the paperwork is submitted to the FTB. The DAO A/R Unit will send a redacted courtesy copy to Region/Unit PS via email.

When an employee separates and no money is due to the employee from the State that can be used as a basis from which to deduct an overpayment, the following steps will be taken:

1. The DAO R/F-Travel Unit will send three (3) notices to the separated employee at the home address on file at 30-60-90 day intervals.
2. The DAO R/F-Travel Unit will send three (3) notices to the separated employee at the home address on file at 30-60-90 day intervals. The employee makes arrangements with the DAO R/F-Travel Unit to pay the overpayment. The DAO R/F-Travel Unit will send redacted copies of all correspondence sent to Region/Unit PS via email.
3. If the separated employee does not respond after the third letter, the DAO R/F-Travel Unit will send the required information to the FTB on a quarterly basis. The DAO R/F-Travel Unit will send redacted copies of all correspondence sent to Region/Unit PS via email.

If collection occurs through the FTB, the DAO R/F-Travel Unit will send a courtesy copy of the RC to the appropriate Region Administrative Officer II – Personnel via email.

A/R LESS THAN \$25.00

1164.7

(No.167 February 2014)

Pursuant to G.C. Section 16582, effective with A/R's occurring after January 1, 2005, agencies will not be notified by the SCO of an overpayment for a pay period/payment type that results in an overpayment gross amount of \$25.00 or less. An A/R will only be established for the overpayment if requested by the agency via the form STD. 674A/R. This exception does not apply to disability related overpayments including regular pay issued in lieu of a disability payment or deduction related overpayments.

DISCHARGE OF ACCOUNTABILITY

1164.8

(No.167 February 2014)

If an employee is notified of an A/R that is over three years old and the employee refuses to pay pursuant to GC 19838 (2)(d), the DAO A/R Unit will complete an AO-139, if the total amount owed is \$500.00 or less, and attach any related documentation to the completed form. If the total is more than \$500.00 the DAO A/R Unit will complete an Application of Discharge from Accountability (STD. 27) and forward it to the SCO for approval of the write-off. The \$500 amount applies to the total of all amounts owed by the debtor, not to each invoice. The STD. 27 will be authorized by the Chief of the DAO or designee. The DAO A/R Unit will send redacted courtesy copies of all correspondence to the Region/Unit PS via email.

GC Section 13943.2 also provides that, upon written authorization by the California Victim Compensation and Government Claims Board, CAL FIRE may refrain from collecting A/R's in the amounts of \$500 or less. The \$500 limitation applies to the total aggregate of amounts owed by the debtor, not each specific debt.

If a current employee does not respond to the PO-123 for an A/R that is over three years old, the Department will proceed with collection through payroll deduction. CAL FIRE will review its debts no less than quarterly to identify receivables for discharge.

If an employee is notified of an overpayment that is over three years old and the employee refuses to pay pursuant to AB 1283, the DAO R/F-Travel Unit will request a memorandum from the employee stating the employee's decision. The DAO R/F-Travel Unit will then complete a claim schedule requesting the SCO to write off the outstanding funds and to replenish the R/F.

OVER COLLECTION OF DEBT

1164.9

(No.167 February 2014)

Upon receiving information that the Department has over collected on a debt, the following steps will be taken:

1. If the over collection was via payroll deduction in the SCO system, a STD. 674A/R will be completed and sent to SCO to reverse the deduction and issue pay back to the employee.
 - The DAO A/R Unit will complete and submit the STD. 674A/R for regular A/R's and send a redacted courtesy copy to the Region/Unit PS via email.
 - The Region/Unit PS will complete and submit the STD. 674A/R for disability A/R's and send a redacted courtesy copy to the DAO A/R Unit via email.
 - The PTU will complete and submit the STD. 674A/R for Sacramento Headquarters employees and send a redacted courtesy copy to the DAO A/R Unit via email.
2. If the overpayment was collected by the Department, the DAO will issue a Revolving Fund check for the balance owed to the employee.

DEBT WHEN EMPLOYEE TRANSFERS TO ANOTHER AGENCY OR DEPARTMENT

1164.10

(No.167 February 2014)

When an employee transfers to another agency or department and has an A/R, the same procedures will be used as if the employee were still employed by the CAL FIRE.

Note: If the A/R is set-up after the employee transfers, the DAO A/R Unit, PTU, or the Region/Unit PS will inform the employee's new agency or department PS that an A/R is being established.

When an employee transfers to another agency or department and has an overpayment, the DAO R/F-Travel Unit will send a completed Notice of Overpayment/Collection (AO-450) form to the employee at the address on record.

If the employee does not respond, the DAO R/F-Travel Unit will contact the employee's current agency or department and work with them to have the outstanding amount deducted from the employee's monthly master pay warrant.

PRIVATE PARTY DEBT

1164.11

(No.167 February 2014)

Following are procedures and guidelines that CAL FIRE will use for the collection of amounts owed to the State from nonemployees.

Locating the Debtor

When the address of the debtor is unknown, the DAO will attempt to obtain a current address. Staff may utilize Internet search engines and/or a data research service. The DAO will be expected to perform a cost benefit analysis to determine if procuring

services to locate debtors would be cost beneficial. Alternatively, CAL FIRE may utilize the debtor's address from the Department of Motor Vehicles by completing a Government Agency Request for Driver License/Identification Record Information form (INF 254). The date of birth or driver's license/identification number of the debtor will be utilized for identification.

Collection Letters

Once the address of the debtor is known, the DAO will send a sequence of three collection letters to the debtor at 30-60-90 day intervals. The third letter will include references to prior letters and will state what further actions may be taken in the collection process.

Collection Fees

GC Section 16583.1 allows CAL FIRE to charge a reasonable fee, not to exceed the actual costs incurred by the Department, to recover the department's collection costs on past due A/R's. The DAO will prepare a collection letter that states the possible consequences of not paying timely, such as additional fees that may be incurred pursuant to GC Section 16583.1. When the fees are received, the DAO will record this fee as revenue, Source Code 162100, Delinquent Receivables - Cost Recoveries.

Collection Actions Review

If the three collection letters are unsuccessful, the DAO will prepare a second analysis to determine what additional collection efforts should be made. The analysis should include a cost/benefit analysis of the collection actions listed below. CAL FIRE may initiate one or more of the following actions:

1. Offset Procedures: An offset is the interception and collection from amounts owed by CAL FIRE to the debtor.
2. Court Settlements: There may be instances where it would be cost effective for CAL FIRE to seek court judgments against debtors. CAL FIRE will consider the possibility of filing action in small claims courts for small amounts due and will consult counsel for larger amounts.
3. Collection Agencies: CAL FIRE may consider contracting with another department that has a collection unit or with an outside collection agency. An additional notice will be issued by the DAO to the debtor that the unpaid balance due to CAL FIRE will be assigned to a private collection agency. The debtor will be allowed a 60-day period to respond and pay the balance before the assignment takes place.
4. Sale of A/R: CAL FIRE has authorization to sell A/R's to private persons or entities for pursuit. The CAL FIRE DAO will record the net income from the sale in its accounting records in such cases. Specific accounting entries for the sale of A/R's are detailed in SAM Section 10536, Standard Entry No. 36. The DAO will send a written notice to the debtor with the unpaid balance at the address of record. The notification will state that the alleged A/R debt will be turned over for private collection unless the debt is paid within a 60-day time period.

CAL FIRE retains the choice to determine the collection action likely to generate the highest net income and not compromise future State income collections. In addition,

CAL FIRE will consult with the FTB or any other State agency that has successfully established an effective A/R collection system to develop methods for improving CAL FIRE's collection rate.

REVIEW STATUS REPORTS

1164.12

(No.167 February 2014)

The DAO A/R Unit, DAO R/F-Travel Unit, Region/Unit PS and Finance, and PTU should review the Crystal HFD reports and other related documents at least monthly to track the status of money owed to the Department. It is important that the reports be reviewed and acted upon to ensure the Department's records are accurate.

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